

**TOWNSHIP OF CHESHIRE
ALLEGAN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008**

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1 07)

Unit Name* THE TOWNSHIP OF CHESHIRE	County* ALLEGAN	Type* TOWNSHIP	MuniCode* 03-1-030
Opinion Date-Use Calendar* 9-23-08	Audit Submitted-Use Calendar* 3-31-08	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue: ?	\$ 225,458.00
General Fund Expenditure: ?	\$ 257,528.00
Major Fund Deficit Amount: ?	\$ 0.00

General Fund Balance: ?	\$ 230,594.00
Governmental Activities Long-Term Debt (see instructions): ?	

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* SCOTT E.	Last Name* CAMPBELL	Ten Digit License Number* 1101010451		
CPA Street Address* 428 WATER ST	City* ALLEGAN	State* MI	Zip Code* 49010	Telephone* +1 (269) 673-6634
CPA Firm Name* SCOTT E. CAMPBELL P.C.	Unit's Street Address* 428 WATER ST	Unit's City* ALLEGAN	Unit's Zip* 49010	

TOWNSHIP OF CHESHIRE

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INDEPENDENT AUDITOR'S REPORT

September 23, 2008

To the Township Board
Township of Cheshire
Allegan County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Cheshire, Allegan County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cheshire Township, Allegan County, Michigan management. My responsibility is to express an opinion on these financial statements based on my audit.

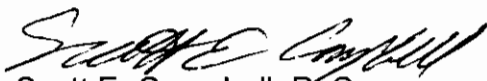
I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Cheshire as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 and 18 through 19 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Cheshire's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on it.

Respectfully submitted,


Scott E. Campbell, P. C.
Certified Public Accountant

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets decreased .05% from one year ago, decreasing from \$605,318 to \$604,991. The Township spent approximately \$213,000 on road improvements.

The Township's net assets are very strong.

Governmental Activities

The Township has maintained its financial position, and is capable of improving its net assets. Capital assets of \$2,571 were purchased during the fiscal year, no debt was incurred.

Economic Factors and Next Year's Budget and Rates

State revenue sharing payments are expected to decline slightly from prior levels. Our tax base should slightly increase from new homes in the Township.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office.

TOWNSHIP OF CHESHIRE
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2008

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 248,465	\$ 248,465
Receivables - net	276,950	276,950
Prepays	2,024	2,024
Capital assets - net	81,208	81,208
 Total Assets	 608,647	 608,647
LIABILITIES		
Accounts payable	3,656	3,656
Accrued and other liabilities	0	0
Noncurrent Liabilities		
Due within one year	0	0
Due in more than one year	0	0
 Total Liabilities	 3,656	 3,656
NET ASSETS		
Invested in Capital Assets		
Net of related depreciation	81,208	81,208
Restricted For		
Streets and highways	250,431	250,431
Public safety	1,086	1,086
Public works	40,570	40,570
Cemetery	1,102	1,102
Unrestricted	230,594	230,594
 Total Net Assets	 \$ 604,991	 \$ 604,991

TOWNSHIP OF CHESHIRE
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
General government	\$ 146,327	\$ 4,065	\$ 0	\$ 0	\$ (142,262)	\$ 0	\$ (142,262)
Public safety	76,494	14,839	0	0	(61,655)	0	(61,655)
Public works	236,746	0	0	0	(236,746)	0	(236,746)
Health and welfare	17,546	0	0	0	(17,546)	0	(17,546)
Community/Economic development	10,251	0	0	0	(10,251)	0	(10,251)
Recreation and cultural	4,600	0	0	0	(4,600)	0	(4,600)
Total Governmental Activities	491,964	18,904	0	0	(473,060)	0	(473,060)
Total Primary Government	\$ 491,964	\$ 18,904	\$ 0	\$ 0	(473,060)	0	(473,060)
General Revenues							
Property taxes					286,782	0	286,782
State-shared revenues					170,831	0	170,831
Interest and rentals					10,967	0	10,967
Franchise fees					0	0	0
Miscellaneous					4,153	0	4,153
Transfers					0	0	0
Total General Revenues-Special Items and Transfers					472,733	0	472,733
Change in Net Assets					(327)	0	(327)
Net Assets-Beginning					605,318	0	605,318
Net Assets-Ending					\$ 604,991	\$ 0	\$ 604,991

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF CHESHIRE
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2008

	General Fund	Road Fund	Non-Major Governmental Fund	Total Governmental Fund
ASSETS				
Cash and cash equivalents	\$ 163,538	\$ 57,413	\$ 27,514	\$ 248,465
Investments	0	0	0	0
Receivables - net	31,275	31,159	1,458	63,892
Due from other funds	37,413	161,859	13,786	213,058
Prepays	2,024	0	0	2,024
Total Assets	234,250	250,431	42,758	527,439
LIABILITIES				
Accounts payable	3,656	0	0	3,656
Due to other funds	0	0	0	0
Total Liabilities	3,656	0	0	3,656
FUND BALANCES				
Reserved for Road projects, Special revenues	0	250,431	42,758	293,189
Unreserved	230,594	0	0	230,594
Total Fund Balances	<u>\$ 230,594</u>	<u>\$ 250,431</u>	<u>\$ 42,758</u>	523,783

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

81,208

Net Assets of Governmental Activities

\$ 604,991

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF CHESHIRE
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
March 31, 2008

	General Fund	Road Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes and penalties	\$ 39,352	\$ 232,187	\$ 15,243	\$ 286,782
Licenses and permits	2,445	0	0	2,445
State aid	170,831	0	0	170,831
Charges for services	1,620	0	14,839	16,459
Interest and rentals	7,057	3,582	328	10,967
Other revenue	4,153	0	0	4,153
Total Revenues	225,458	235,769	30,410	491,637
Expenditures				
Current				
General government	143,658	0	0	143,658
Public safety	63,639	0	12,855	76,494
Public works	256	212,708	23,782	236,746
Health and welfare	17,545	0	0	17,545
Recreation and cultural	4,600	0	0	4,600
Community/Economic development	10,251	0	0	10,251
Capital outlay	2,571	0	0	2,571
Total Expenditures	242,520	212,708	36,637	491,865
Excess of Revenues Over (Under)				
Expenditures	(17,062)	23,061	(6,227)	(228)
Other Financing Sources (Uses)				
Transfers in	0	0	15,000	15,000
Transfers (out)	(15,000)	0	0	(15,000)
Total Other Financing Sources (Uses)	(15,000)	0	15,000	0
Excess of Revenue and Other Sources Over (Under)Expenditures & Other Uses	(32,062)	23,061	8,773	(228)
Fund Balance-April 1, 2007	262,656	227,370	33,985	524,011
Fund Balance-March 31, 2008	\$ 230,594	\$ 250,431	\$ 42,758	\$ 523,783

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF CHESHIRE
FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
MARCH 31, 2008**

Agency Fund
(Property Tax
Collection Fund)

ASSETS

Cash and cash equivalents	<u>\$ 213,058</u>
Total Assets	<u><u>\$ 213,058</u></u>

LIABILITIES

Due to other Township funds	<u>\$ 213,058</u>
Total Liabilities	<u><u>\$ 213,058</u></u>

**TOWNSHIP OF CHESHIRE
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Cheshire, Allegan County, Michigan is a general law Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Cheshire conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWNSHIP OF CHESHIRE
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund is a Special Revenue Fund of the Township. The Road Fund is used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for specified purposes.

Additionally, the government reports the following non-major fund types:

The Building Inspection Fund is a Special Revenue Fund of the Township. The Building Inspection Fund is used to account for all resources of the Township's permits and licenses.

The Cemetery Fund is a Special Revenue Fund of the Township. The Cemetery Fund is used to account for all resources of the Township's cemetery.

**TOWNSHIP OF CHESHIRE
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Cheshire does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Finally, the government reports the following fund types:

The Tax Collection Fund is a Fiduciary Fund accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed. Summer State Education taxes are collected directly by the County.

**TOWNSHIP OF CHESHIRE
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWNSHIP OF CHESHIRE
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements only for the effect of the inclusion of capital assets.

Capitalized Asset Costs	\$ 129,716
Less Accumulated Depreciation	<u>(48,508)</u>
Capital Assets, net	81,208
Governmental Fund Balances	<u>523,783</u>
Net Assets of Governmental Activities	<u>\$ 604,991</u>

**TOWNSHIP OF CHESHIRE
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit did not incur any expenditures in excess of the amounts appropriated.

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**TOWNSHIP OF CHESHIRE
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$ 248,465	\$ 213,058	\$ 461,523

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 461,523
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	<u>\$ 461,523</u>

The bank balance of the primary government's deposits is \$461,523, of which \$334,025 is covered by federal depository insurance.

**TOWNSHIP OF CHESHIRE
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	<u>Major Funds</u>		<u>Non-Major and Other Funds</u>	<u>Totals</u>
	<u>General Fund</u>	<u>Road Special Millage</u>		
Taxes receivable	\$ 5,777	\$ 31,159	\$ 1,458	\$ 38,394
State share revenue receivable	25,498	0	0	25,498
Due from other funds	37,413	161,859	13,786	213,058
Less: allowance for uncollectibles	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Receivables	<u>\$ 68,688</u>	<u>\$ 193,018</u>	<u>\$ 15,244</u>	<u>\$ 276,950</u>

**TOWNSHIP OF CHESHIRE
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 39,196	\$ 0	\$ 0	\$ 39,196
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>39,196</u>	<u>0</u>	<u>0</u>	<u>39,196</u>
Capital Assets Being Depreciated				
Buildings	65,254	0	0	65,254
Improvements other than buildings	0	0	0	0
Machinery and equipment	22,695	2,571	0	25,266
Infrastructure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>87,949</u>	<u>2,571</u>	<u>0</u>	<u>90,520</u>
Less Accumulated Depreciation for				
Buildings	24,093	2,276	0	26,369
Improvements other than buildings	0	0	0	0
Machinery and equipment	21,745	394	0	22,139
Infrastructure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>45,838</u>	<u>2,670</u>	<u>0</u>	<u>48,508</u>
Net Capital Assets Being Depreciated	<u>42,111</u>	<u>(99)</u>	<u>0</u>	<u>42,012</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 81,307</u>	<u>\$ (99)</u>	<u>\$ 0</u>	<u>\$ 81,208</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	\$ 2,670
Public safety	0
Public works	0
Economic development	0
Recreation and culture	<u>0</u>
Total Governmental Activities	<u>\$ 2,670</u>

**TOWNSHIP OF CHESHIRE
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds			
<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General	\$ 37,414	Tax Collection	\$ 213,058
Road	161,858		
Eagle Lake	<u>13,786</u>		
Total	<u>\$ 213,058</u>		<u>\$ 213,058</u>

Interfund Transfers

<u>Transfers In</u>	<u>General Fund</u>	<u>Transfers (Out)</u>	<u>Total</u>
		<u>Non-Major Governmental Funds</u>	
Cemetery Fund	\$ 15,000	\$ 0	\$ 15,000
Total	<u>\$ 15,000</u>	<u>\$ 0</u>	<u>\$ 15,000</u>

REQUIRED SUPPLEMENTAL AND ADDITIONAL INFORMATION

**TOWNSHIP OF CHESHIRE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2008**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	\$ 262,656	\$ 262,656	\$ 262,656	\$ 0
Resources (Inflows)				
Property taxes and penalties	38,000	39,900	39,352	(548)
State aid	170,000	170,000	170,831	831
Licenses and permits	5,000	3,650	2,445	(1,205)
Charges for services	5,500	600	1,620	1,020
Interest and rentals	8,000	6,850	7,057	207
Miscellaneous revenues	2,900	4,400	4,153	(247)
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	492,056	488,056	488,114	58
Charges to Appropriations (Outflows)				
General Government	111,892	143,766	143,658	108
Public Safety	62,000	63,800	63,639	161
Public Works	2,500	2,500	256	2,244
Health and welfare	14,583	17,611	17,545	66
Recreation and cultural	6,100	5,600	4,600	1,000
Community/Economic development	13,565	12,765	10,251	2,514
Capital outlay	3,500	2,600	2,571	29
Transfers to other funds	25,000	16,000	15,000	1,000
Total Charges to Appropriations	239,140	264,642	257,520	7,122
Budgetary Fund Balance-March 31	<u>\$ 252,916</u>	<u>\$ 223,414</u>	<u>\$ 230,594</u>	<u>\$ 7,180</u>

**TOWNSHIP OF CHESHIRE
BUDGETARY COMPARISON SCHEDULE
MAJOR ROAD FUND
YEAR ENDED MARCH 31, 2008**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Beginning of Year Fund Balance	\$ 227,370	\$ 227,370	\$ 227,370	\$ 0
Resources (Inflows)				
Property taxes	195,000	203,000	232,187	29,187
Interest and rentals	2,000	2,500	3,582	1,082
Other revenue	0	0	0	0
Amounts Available for Appropriation	<u>424,370</u>	<u>432,870</u>	<u>463,139</u>	<u>30,269</u>
Charges to Appropriation (Outflows)				
Public Works				
Roads	<u>189,375</u>	<u>212,875</u>	<u>212,708</u>	<u>167</u>
Total Charges to Appropriations	<u>189,375</u>	<u>212,875</u>	<u>212,708</u>	<u>167</u>
Budgetary Fund Balance-March 31	<u>\$ 234,995</u>	<u>\$ 219,995</u>	<u>\$ 250,431</u>	<u>\$ 30,436</u>

**TOWNSHIP OF CHESHIRE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2008**

	Special Revenue Funds			Total Non-Major Governmental Funds
	Cemetery	Building Inspection	Eagle Lake SAD 1	
Assets				
Cash and cash equivalents	\$ 1,102	\$ 1,086	\$ 25,326	\$ 27,514
Investments	0	0	0	0
Taxes receivable	0	0	1,458	1,458
Due from other funds	0	0	13,786	13,786
Total Assets	<u>\$ 1,102</u>	<u>\$ 1,086</u>	<u>\$ 40,570</u>	<u>\$ 42,758</u>
Liabilities and Fund Equity				
Liabilities				
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued liabilities	0	0	0	0
Total Liabilities	0	0	0	0
Fund Balance				
Reserved	1,102	1,086	40,570	42,758
Unreserved	0	0	0	0
Total Fund Equity	<u>1,102</u>	<u>1,086</u>	<u>40,570</u>	<u>42,758</u>
Total Liabilities and Fund Equity	<u>\$ 1,102</u>	<u>\$ 1,086</u>	<u>\$ 40,570</u>	<u>\$ 42,758</u>

TOWNSHIP OF CHESHIRE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2008

	Special Revenue Funds			Total Non-Major Governmental Funds
	Cemetery	Building Inspection	Eagle Lake SAD 1	
Revenues				
Taxes and penalties	\$ 0	\$ 0	\$ 15,243	\$ 15,243
Licenses and permits	0	0	0	0
Charges for services	1,250	13,589	0	14,839
Interest and rentals	0	0	328	328
Other revenue	0	0	0	0
Total Revenues	1,250	13,589	15,571	30,410
Expenditures				
Current				
General government	0	0	0	0
Public safety	0	12,855	0	12,855
Public works	16,255	0	7,527	23,782
Recreation and culture	0	0	0	0
Other	0	0	0	0
Capital outlay	0	0	0	0
Total Expenditures	16,255	12,855	7,527	36,637
Excess of Revenues Over (Under) Expenditures	(15,005)	734	8,044	(6,227)
Other Financing Sources (Uses)				
Transfers in	15,000	0	0	15,000
Transfers (out)	0	0	0	0
Total Other Financing Sources (Uses)	15,000	0	0	15,000
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(5)	734	8,044	8,773
Fund Balance-April 1, 2007	1,107	352	32,526	33,985
Fund Balance-March 31, 2008	<u>\$ 1,102</u>	<u>\$ 1,086</u>	<u>\$ 40,570</u>	<u>\$ 42,758</u>

SCOTT E. CAMPBELL, P.C.

Certified Public Accountant
Certified Governmental Financial Manager

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September 23, 2008

In planning and performing the audit of the Financial Statements of the Township of Cheshire for the year ended March 31, 2008, I considered the Township's internal control structure to determine audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit we became aware of one matter that is an opportunity to strengthen internal control and increase operating efficiency. I offer the following item for your consideration.

Uninsured Funds

The Township currently has cash funds in four banks, with a total of \$127,498 over the federally insured level as of March 31, 2008. I recommend that no more than \$100,000 is maintained in any one bank, listing no more than any one fund as the entitlement owner.

General

In general the internal control systems of the Township are good and functioning properly. The comments noted above will help the Township strengthen the existing controls and will help provide greater accountability to residents of the Township.

I greatly appreciate the help and cooperation given me by all Township employees and officials.

Respectfully submitted,



Scott E. Campbell, P.C.
Certified Public Accountant